

# CODE OF CONDUCT

30 October 2015

Dear Colleague

The Company's success depends on the knowledge, experience and talent of our staff, the strength of our management team, the quality of our business strategy and our compliance with the highest standards of corporate conduct, ethics and governance. We are constantly working to reinforce and communicate our values to our staff, shareholders, clients, suppliers and the broader community.

The Board of Directors consider it is of the utmost importance for the Company to have a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. These values are not a set of rules imposed from above, yet they are a representation of who we are and what we value as a group of individuals and as a company.

The Code of Conduct has been prepared for the guidance and benefit of all people employed, contracted by, associated with, or acting on behalf of McGrath, and extends to all Directors of the Company.

The Code of Conduct has been adopted by the Company as it expresses the core values that drive our behaviour and aspirations.

We always operate according to the highest standards and live the McGrath Values which underpins everything we do.

The key values underpinning the Code of Conduct are as follows:

- **Integrity** – Owns the word “Integrity” in conducting themselves and in how they treat others, communicates openly and honestly with colleagues and clients, takes responsibility for themselves and their actions, displays ethical behaviours that encourage others to do the same
- **Passion** – Approaches every situation with intense enthusiasm and excitement
- **Excellence** – Provides “Six Star Service”; to meet and exceed the expectations of McGrath colleagues, managers and external clients, maintains quality despite pressure and time restraints
- **Simplicity** – Remain uncomplicated and easy to understand. ‘The quality of being simple’
- **Community** – Collaborates with other McGrath team members to achieve the most desirable outcome for all stakeholders, involved in the local community, gives 100% with little expectation of reward in return

Our actions are driven not just by the letter, but also by the spirit of the law;

Our customers are at the centre of everything we do. We are focused on utilising our high level of skills and judgment for their benefit; and

Our Shareholders benefit from our commitment to superior service to customers, and by our focus on being market driven, proactively responding to all changes in regulations and business conditions for the benefit of our customers.

At McGrath, our business relies on being trusted by our customers and the community. Our Code of Conduct mirrors this expectation and we consider that acting with the highest levels of professionalism and ethical behaviour will hold us in good stead in the marketplace.

You should read and become familiar with the Code of Conduct. By each and every member of the McGrath community living and upholding these standards, we can aspire to each and every one of us being proud to be a part of McGrath. This will help us maintain the confidence of our customers, shareholders and regulators.

Yours sincerely

A handwritten signature in black ink, appearing to be 'J McGrath', written in a cursive style.

John McGrath

Chief Executive Officer

## **1. PURPOSE OF THE CODE AND ITS GUIDING PRINCIPLES**

McGrath's success relies on the confidence that clients and the community have in the way we conduct our business. Integrity, confidentiality and the highest ethical standards are our key principles. We recognise that while all our actions must be lawful, mere lawfulness may not be an adequate test of integrity. The highest standards of professionalism must at all times guide the actions of all involved with McGrath, from staff, contractors and our Board of Directors.

This Code of Conduct, therefore, outlines how the Company expects each person who represents McGrath to behave and conduct business.

The objective of the Code of Conduct is to:

- provide a benchmark for professional behaviour;
- support the Company's business reputation and corporate image within the community; and
- identify the actions that should be taken where a breach occurs.

We regularly monitor and test our policies under this Code of Conduct so that our commitments remain relevant, effective and consistent with our stakeholders' expectations.

## **2. WHO THE CODE APPLIES TO**

This Code of Conduct applies to all Directors, officers, executives and staff, consultants, contractors and associates of the Company and its subsidiaries and franchisees in their dealings with customers, suppliers, regulators, shareholders and other stakeholders.

The overriding principle is that all business affairs of the Company must be conducted legally, ethically, safely and with strict observance of the highest standards of propriety and business ethics.

This Code is not an attempt to instruct individuals on how to conduct themselves outside their working relationships, nor to change their personal beliefs. While this Code of Conduct is designed to demonstrate the Company's commitment to corporate responsibility, it does not create any rights in any staff member, customer or other person or entity.

## **3. HOW THE CODE INTERACTS WITH OTHER COMPANY POLICIES**

The Code of Conduct should be read in conjunction with all relevant Company policies, which include (but are not limited to) our policies that deal with Privacy, work health and safety disclosure, diversity and trading in the Company's shares.

Copies of these policies are available on the Company's intranet and in the Employee Handbook.

## **4. WHAT TO DO IF YOU SUSPECT THE CODE HAS BEEN BREACHED**

### **4.1 Reporting channels**

You are encouraged to report to your manager any genuine behaviour or situation which you consider breaches or potentially breaches the Code of Conduct, policies or the law. If you know of, or have good reason to suspect, an unlawful or unethical situation or consider that you are a victim of unacceptable behaviour, immediately report the matter and follow the McGrath Grievance Procedure

#### Grievance Occurs

- Raise Issue with person concerned,
- If unresolved
- Raise issue and escalate to immediate supervisor
- If unresolved
- Raise issue and escalate to Department Manager/Sales Manager
- If unresolved
- Raise issue and escalate to Principal
- If unresolved
- Raise issues and escalate to Human Resources Manager
- If unresolved
- Raise issue and escalate to Chief Operating Officer/General Manager Franchise
- If unresolved
- Raise issue and escalate to Chief Executive Officer
- If unresolved
- Raise issue and refer to Fair Work Australia for resolution

All issues can also be raised with the Human Resources Manager (who will assess the appropriate action to be taken in the circumstances) if there is a reason you feel you cannot follow the McGrath Grievance Procedure.

The Company does not and will not tolerate any disadvantage or discrimination against anyone for raising concerns or reporting issues.

## **4.2 Whistleblower protection**

Wherever possible, your calls, notes, emails and other communications will be dealt with confidentially. You have the Company's commitment that, whenever possible, your privacy will be protected where you make a report under the Code of Conduct.

It is a breach of the Code of Conduct for any staff member to cause disadvantage to or discriminate against a staff member who makes a report under the Code of Conduct ('whistleblower'). Examples of disadvantage and discrimination include:

- reprisals, harassment or victimisation;
- demotion or dismissal or loss of opportunity for promotion; and
- current or future bias.

The protection that the Company will make available to protect whistleblowers will vary depending on the circumstances, but may include:

- ensuring confidentiality in the investigation and protecting the whistleblower's identity;
- monitoring and managing the behaviour of other staff;
- offering a leave of absence while a matter is investigated;
- relocating staff (which may, but will not necessarily, include the whistleblower) to a different working group or office; and
- rectifying any detriment a whistleblower has suffered.

## **4.3 Investigations**

Preliminary investigations of reported breaches are administered by People & Culture (Human Resources) or Legal and Compliance (depending on the team most equipped to deal with the reported matter).

## **5. CONSEQUENCES OF BREACHING THE CODE**

The Company recognises that breaches of the Code of Conduct may occur from time to time. We expect that any breach will be inadvertent and without intent. However, it should be clearly understood that any breach may result in disciplinary action or other penalties including, in extreme circumstances, dismissal or termination of the contract or engagement.

Depending on the nature of the breach, penalties may be imposed ranging from counselling to dismissal or termination of the contract or engagement (in extreme circumstances). The Company will act objectively and in accordance with any applicable provisions or requirements in an employment contract.

The Company reserves the right to inform the appropriate authorities where it is considered that there has been criminal activity or an apparent breach of the law.

## **6. WHO TO SPEAK TO IF YOU HAVE QUESTIONS**

The Code of Conduct does not include:

- every ethical issue that a staff member might face; or
- every law and policy that applies to the Company.

In representing the Company you are expected to act in a manner consistent with the key values underpinning the Code of Conduct, namely:

- our actions must be governed by the highest standards of integrity and fairness;
- our decisions must be made in accordance with the spirit and letter of the applicable law; and
- our business must be conducted honestly and ethically, with our best skills and judgment, and for the benefit of clients, staff, shareholders and the Company alike.

If you have any questions regarding the Code of Conduct or any of the Company's policies at any time, you should feel free to contact your manager, any member of the [People & Performance or Legal and Compliance teams].

## **7. COMPLIANCE WITH LAWS AND REGULATIONS**

You should be aware of, and comply with, your duties and obligations under all laws and regulations relating to your work.

We encourage you to:

- actively understand the laws which affect or relate to the Company's operations. Our on-line compliance training is intended to assist in this regard;
- attend seminars presented by the Company or other external service providers to maintain your knowledge of the laws and regulations, as well as to increase your awareness of relevant legal and industry developments; and
- interpret the law in a way which reinforces the Company's reputation for integrity.

If you have a question as to whether particular laws apply or how they should be interpreted, please contact either your manager, any member of the People & Culture team or Legal and Compliance.

## **8. FAIR TRADING AND DEALING**

McGrath aspires for all its staff, franchisees and contractors to maintain the highest standard of ethical behaviour in conducting business and to behave with integrity in dealings with clients, shareholders, government, staff, suppliers and the community.

When dealing with others, you must:

- perform your duties in a professional manner;
- act with the utmost integrity and objectivity; and
- strive at all times to enhance the Company's reputation and performance.

## **9. CONFLICTS OF INTEREST**

Each individual is expected to avoid placing themselves in a position where their private interests conflict directly or indirectly with their obligations to the Company. A conflict of interest can arise where there is a personal, family or associated commercial interest which may interfere, or appear to interfere with the interests of the Company as a whole and influence the individual in the effective and objective performance of their duties and responsibilities because of divided loyalties.

Examples include:

- being involved in or having a significant ownership or personal financial interest in other enterprises where a conflict may arise with the member of staff's obligations to the Company;
- participating in activities or discussions where there may be a conflict with their duties and responsibilities to the Company;
- soliciting or receiving benefits such as cash, gifts or entertainment in connection with, or as a reward for, any service or business of the Company, where the benefits, because of the frequency of the offers, the cost and circumstances and timing in which they are offered, creates, or could be interpreted as creating, an obligation that affects the individual's objectivity in making a business decision;
- taking advantage of property, information or other opportunities arising from your position in the Company;
- conflicts of interest arising from a family, business or personal relationship; or
- conflicts arising from activities outside their work with the Company (such as involvement in community activities and professional organisations).

Any conflict of interest or potential conflict of interest should be reported to the individual's manager, and in the case of Directors or the CEO, to the Board.

## **10. IMPROPER USE OR THEFT OF COMPANY PROPERTY, ASSETS AND EMAIL**

The Company has extensive assets and information of great value. Protecting these assets is critical to the interests of the Company.

Staff must not disclose or use in any manner confidential information about the Company, its customers or its affairs, that they acquire during their work with the Company, unless the information is already legitimately public knowledge. This obligation continues to apply to staff after they leave the Company.

Confidentiality obligations are normally specified in their work contracts.

### **Definition**

**Confidential information** in this context means any information in respect of the Company's business that is not available to the public and includes documents, books, accounts, processes or other 'know how' that is:

- supplied to the staff member by the Company; or
- generated by a staff member in the course of performing his or her work with the Company.

### **Examples**

Examples of confidential information are:

- trade secrets;
- price lists/cost sheets;
- lists of customers;
- staff (personal) details;
- details of marketing programs;
- technical and systems information (including algorithms);
- information about suppliers;
- computer systems; and
- business strategies.

## **Trade secrets and intellectual property**

All inventions, discoveries, computer software processes algorithms and improvements made by a staff member during his or her time with the Company, remain the property of the Company.

This means the Company will hold all proprietary rights to intellectual property and trade secrets. This includes all ownership rights, copyright, exclusive rights to develop, make, use, sell, license or benefit from any inventions, discoveries, processes and improvements made during an individual's work with the Company.

## **Control of information**

At a minimum, staff must:

- return all Company property including any documents or confidential information, on resignation or termination or on the request of the Company or its representative; and
- if requested by the Company or its representative, destroy or delete any confidential information stored in electronic, magnetic or optical form so that it cannot be retrieved or reconstructed.

You are responsible for protecting any Company property and assets that are under your control and you should safeguard them from loss, theft and unauthorised use.

Company property and assets include cash, securities, business plans, third party information, intellectual property (including computer programs, software, models and other items), confidential information, office equipment and supplies.

You must not:

- use Company assets for any unlawful purpose or unauthorised personal benefit;
- remove Company property and documents from official premises without a good and proper reason. If required to be removed, they should be stored in a secure manner and covered by appropriate insurances; and
- make improper disclosure, including inadvertent or careless disclosure, of competitive business strategies and plans, special methods of operation and other information that is of competitive value to the Company. If you are unsure whether information is of a confidential nature, seek advice from your manager before disclosure.

As set out in the Company's policies, you are encouraged to use common sense and observe standards of good taste regarding content and language when creating documents that may be retained by the Company or a third party. The Company's electronic communications systems should not be used to access or post material that violates Company policies or any laws or regulations. Personal non-business use of the

Company's electronic communications systems must also be consistent with the Company's policies.

## **11. PRIVACY**

Privacy is of utmost importance given the sensitive information held by the Company. Individuals must respect and maintain the privacy of personal information held by the Company regarding its clients, customers, staff and others. This extends to any information or opinion, whether true or not, and whether recorded in a human readable form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from that information or opinion.

The Company respects your privacy and the privacy of others. You should familiarize yourself with, and comply with:

- the privacy laws of Australia and, where applicable, the jurisdiction of your business unit; and
- the Company's privacy policies which detail the appropriate use of personal information.

If you have any questions in relation to privacy, please contact your manager or Legal and Compliance.

## **12. PUBLIC COMMUNICATIONS AND DISCLOSURES**

You are responsible for the integrity of the information, reports and records under your control and you are expected to exercise the highest standard of care in preparing materials for public communications.

Those documents and materials should:

- comply with any applicable legal requirements;
- fairly and accurately reflect the transactions or occurrences to which they relate;
- not contain any false or intentionally misleading information, nor intentionally misclassify information; and
- be in reasonable detail and recorded in the proper account and in the proper accounting period.

Media statements and official announcements may only be made by persons authorised to do so. If you receive a request for information and you are not authorised to respond to the enquiry, refer the request to the appropriate person.

The Company has adopted the disclosure policy as a means of ensuring compliance with its disclosure and communication obligations under the Corporations Act and the ASX Listing Rules. The aim of the disclosure policy is to keep the market fully informed of information

that may have a material effect on the price or value of the Company's securities, and to correct any material mistake or misinformation in the market.

Ensure that you are aware of the requirements of the disclosure policy and, if it applies to you, you must act in accordance with the policy.

### **13. EMPLOYMENT PRACTICES**

#### **13.1 Equal opportunity and anti-discrimination**

The Company is committed to:

- equal employment opportunity;
- compliance with the letter and spirit of a full range of fair employment practices and anti-discrimination laws; and
- a workplace free from any kind of discrimination, harassment or intimidation of staff.

Copies of the Company's diversity and other policies can be found on the Company's intranet, and are available in the Company's on-line training. All staff are expected to be familiar with these policies.

The Company will promptly investigate all allegations of harassment, bullying, victimisation or discrimination and will take appropriate corrective action. Retaliation against individuals for raising claims of harassment or discrimination will not be tolerated.

#### **13.2 Work health and safety**

The Company is committed to maintaining a healthy and safe working environment for its staff. All appropriate laws and internal regulations (including work health and safety laws) should be fully complied with. All people have obligations to assist in maintaining this situation.

Misusing controlled substances or alcohol or selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs on the job will not be tolerated.

You should familiarise yourself with the Company's work health and safety policies and all relevant procedures to provide a workplace that is safe and without risk to the health of others and yourself. You should follow any lawful and reasonable instructions consistent with that policy and those procedures.

#### **13.3 Company reputation**

Staff must not act in any way that could cause harm to the Company's reputation or market position during or after their employment. All staff have a duty to act in a manner that merits the continued trust and confidence of the public.

### **13.4 Securities trading**

The Company is committed to upholding fair and ethical securities trading practices complying with all laws and avoid any conflicts of interest.

Staff must not:

- use any price-sensitive information (which is not generally available to others) in deciding whether to buy or sell the Company's securities;
- deal with the Company's securities when in possession of price-sensitive information about the Company which has not been publicly disclosed; and
- act contrary to the Company's policy for dealing in securities (which provides guidance on when staff are likely to possess price-sensitive information).

You should familiarise yourself with the Company's policy for dealing in securities and act in accordance with it in conducting any dealing in the Company's securities.

### **13.5 Bribes, inducements and commissions**

You must not pay or receive any bribes, facilitation payments, inducements or commissions (this includes any item intended to improperly obtain favorable treatment or avoid unfavorable circumstances).

You must not give or receive any unreasonable gifts or otherwise act in an unethical way.

Any small gifts should be declared and a register kept.

## **14. COMMUNITY & ENVIRONMENT**

The Company is a responsible corporate citizen and actively supports the communities in which we live and work. All staff are expected to uphold the Company's commitment to pursue good corporate citizenship while engaging in its corporate activity.

You must abide by all local laws and regulations, and are expected to respect and care for the environment in which the Company operates.

The Company supports and encourages you to actively contribute to the needs of the community.

The Company is committed to doing business in an environmentally responsible manner and to identifying environmental risks that may arise out of its operations.